

RAISINVILLE TOWNSHIP

MICHIGAN

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2004

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <i>RAISINVILLE TOWNSHIP</i>	County <i>MONROE</i>
Audit Date <i>6.30.4</i>	Opinion Date <i>8.2.4</i>	Date Accountant Report Submitted to State: <i>10.17.4</i>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☒ yes ☐ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) <i>MCQUIRE & CAVAN CPAS</i>			
Street Address <i>6588 SECOR ROAD</i>	City <i>LAMBERTVILLE</i>	State <i>MI</i>	ZIP <i>48144</i>
Accountant Signature <i>Donovan McQuire CPA</i>			

RAISINVILLE TOWNSHIP

TOWNSHIP OFFICIALS

SUPERVISOR -----Gerald Blanchette

CLERK ----- Janet Kuehleln

TREASURER -----RoseMarie Meyer

TOWNSHIP BOARD

Gerald Blanchette
Janet Kuehleln
RoseMarie Meyer
Keith Henderson
Robert Oberski

RAISINVILLE TOWNSHIP
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McGuire & Cavan
Certified Public Accountants

L. Donavon McGuire, CPA
734-652-4040
Maureen A. Cavan, CPA
248-390-5320

6588 Secor Road
Lambertville, MI 48144
Tel 734-854-5044
Fax 734-854-2540

INDEPENDENT AUDITOR'S REPORT

Township Board of
Raisinville Township
96 Ida Maybee Road
Monroe, MI 48161

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Township of Raisinville, Michigan as and for the year ended June 30, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Raisinville Township, Michigan as of June 30, 2004, and the respective changes in financial position and cash flows where applicable, thereof for the year then ended in conformity with generally accepted accounting principles in the United States of America.

The management's discussion and analysis on pages 2 through 4 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion in it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township of Raisinville's basic financial statements. The required supplementary budgetary comparisons, and additional combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The required supplementary budgetary comparisons and combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McGuire & Cavan

McGuire & Cavan
Certified Public Accountants

August 2, 2004

Ralsinville Township
Management's Discussion and Analysis
June 30, 2004

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

The Township's combined net assets increased 62% from a year ago – increasing from \$3,138.2 thousand to 5,087.9 thousand. As we look at the governmental activities separately from the business-type activities, we can see that the governmental activities experienced the majority increase, of approximately \$1,942.4 thousand during the year (73.5% increase). This was the result of a new water assessment district. The business-type activities experienced a \$7.3 thousand increase in net assets, primarily as a result of debt reduction. In a condensed format, the table below shows a comparison of the net assets (in thousands of dollars) as of the current date to the prior year:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	<i>2004</i>	<i>2003</i>	<i>2004</i>	<i>2003</i>	<i>2004</i>	<i>2003</i>
Current Assets	\$ 4,509.3	\$ 3,860.8	\$ 133.3	\$ 137.0	\$ 4,642.6	\$ 3,997.8
Noncurrent Assets	9,664.5	7,628.8	588.8	628.9	10,253.3	8,257.7
Total Assets	14,173.8	11,489.6	722.1	765.9	14,895.9	12,255.5
Long-Term Debt Outstanding	9,461.6	8,690.5	225.8	276.9	9,687.4	8,967.4
Other Liabilities	120.6	149.9	-	-	120.6	149.9
Total Liabilities	9,582.2	8,840.4	225.8	276.9	9,808.0	9,117.3
Net Assets						
Invested in Capital Assets-						
Net of Debt	643.1	400.8	333.3	314.8	976.4	715.6
Restricted	3,604.3	3,192.3	-	-	3,604.3	3,192.3
Unrestricted (Deficit)	344.2	(943.9)	163.0	174.2	507.2	(769.7)
Total Net Assets	\$ 4,591.6	\$ 2,649.2	\$ 496.3	\$ 489.0	\$ 5,087.9	\$ 3,138.2

Unrestricted net assets--the part of net assets that can be used to finance day to day operations, increased by \$1,288.100 for the governmental activities. The current level of unrestricted net assets for our governmental activities stands at \$344,200, or about 31% of expenditures.

**Raisinville Township
Management's Discussion and Analysis
June 30, 2004**

The following table shows the changes of the net assets (in thousands of dollars) as of the current date to the prior year:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Program Revenues						
Charges for Services	\$ 88.5	\$ 75.3	\$ 59.7	\$ 55.5	\$ 148.2	\$ 130.8
Operating Grants and Contributions	-	-	-	-	-	-
Capital Grants and Contributions	1,607.8	-	-	-	1,607.8	-
General Revenues						
Property Taxes	116.6	114.0	-	-	116.6	114.0
State-Shared Revenues	326.3	363.7	-	-	326.3	363.7
Unrestricted Investment Earnings	550.7	560.0	5.8	6.7	556.5	566.7
Franchise Fees	-	-	-	-	-	-
Transfers and Other Revenue	358.3	396.4	-	-	358.3	396.4
Total Revenues	<u>3,048.2</u>	<u>1,509.4</u>	<u>65.5</u>	<u>62.2</u>	<u>3,113.7</u>	<u>1,571.6</u>
Program Expenses						
General Government	371.6	346.7	-	-	371.6	346.7
Public Safety	164.8	510.7	-	-	164.8	510.7
Public Works	93.3	603.5	-	-	93.3	603.5
Recreation and Culture	2.5	2.3	-	-	2.5	2.3
Interest on Long-Term Debt	473.6	548.5	-	-	473.6	548.5
Water and Sewer	-	-	58.2	55.1	58.2	55.1
Total Expenses	<u>1,105.8</u>	<u>2,011.7</u>	<u>58.2</u>	<u>55.1</u>	<u>1,164.0</u>	<u>2,066.8</u>
Change in Net Assets	<u>\$ 1,942.4</u>	<u>\$ (502.3)</u>	<u>\$ 7.3</u>	<u>\$ 7.1</u>	<u>\$ 1,949.7</u>	<u>\$ (495.2)</u>

The Township's net assets continue to remain healthy. A combination of increased revenues and reduced expenses resulted in net assets growing by \$2,444,700.

Governmental Activities

The Township's total governmental revenues increased by approximately \$1,538,800, primarily due to a new assessment district.

Expenses decreased by about \$905,900 during the year. This was primarily the result of reduced public works expenses.

Business-Type Activities

The Township's business-type activities consist of the Sewer Fund. We provide sewage treatment to a portion of township residents. Operations were comparable to the prior year. Water service is provided by the City of Monroe.

**Ralsville Township
Management's Discussion and Analysis
June 30, 2004**

The Township's Funds

Our analysis of the Township's major funds begins on page 5, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2003-04 include the General Fund, the Debt Service Fund, and the Bluebush Stadler Capital Project Fund.

The General Fund pays for most of the Township's governmental services. The most significant is fire, which incurred expenses of approximately \$89,000 in 2003-04. The fire department is funded by general revenue sources of the General Fund.

General Fund Budgetary Highlights

Over the course of the year, the Township Board amended the budget to take into account events during the year. There were no significant changes. Township departments overall stayed below budget, resulting in total expenditures \$288,405 below budget. This allowed the General Fund's fund balance to increase from \$581,615 a year ago to \$838,799 at June 30, 2004.

Capital Asset and Debt Administration

At June 30, 2004, the Township had \$2,500,000 invested in a broad range of capital assets, including buildings, equipment, water and sewer lines. Water lines are classified as infrastructure. In addition, the Township has invested significantly in roads within the Township. These assets are not reported in the Township's financial statements because of Michigan law, which makes these roads the property of the Monroe County Road Commission (along with the responsibility to maintain them).

During 2003-04 the Township issued \$1,325,000 of Limited Tax Obligation bonds to fund construction of the Bluebush Stadler Water Line. The debt will be repaid through special assessment collections.

Economic Factors and Next Year's Budgets and Rates

The Township's operating budget for 2004-05 is \$1,106,642 compared to \$811,091 for the prior year. We expect to spend more money on roads in this budget year than the previous year. An addition to the Township Hall is also budgeted in the amount of \$160,000. Operations will be similar to the prior year with a slight increase in revenue.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.

RAISINVILLE TOWNSHIP
GOVERNMENT WIDE STATEMENT OF NET ASSETS
JUNE 30, 2004

	Primary Government		
	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets			
Cash and Cash Equivalents	\$ 4,400,309	\$ 133,318	\$ 4,533,627
Receivables (Net of Allowance for Uncollectibles):			
Assessments	7,696,409	29,738	7,726,147
Due From State of Michigan	108,970	-	108,970
Internal Balances	-	-	-
	<u>12,205,688</u>	<u>163,056</u>	<u>12,368,744</u>
Capital Assets:			
Land	22,200	-	22,200
Buildings and System	423,725	1,201,499	1,625,224
Improvements Other than Buildings	49,500	-	49,500
Machinery and Equipment	103,910	-	103,910
Infrastructure	116,504	-	116,504
Construction in Progress	1,469,576	-	1,469,576
Less Accumulated Depreciation	(217,275)	(642,397)	(859,672)
Total Capital Assets (Net of Accumulated Depreciation)	<u>1,968,140</u>	<u>559,102</u>	<u>2,527,242</u>
Total Assets	<u>14,173,828</u>	<u>722,158</u>	<u>14,895,986</u>
Liabilities			
Accounts Payable	33,523	-	33,523
Accrued Wages	10,572	-	10,572
Accrued Interest Payable	76,531	-	76,531
Noncurrent Liabilities:			
Due Within One Year	618,883	53,960	672,843
Due in More Than One Year	8,842,735	171,820	9,014,555
Total Liabilities	<u>9,582,244</u>	<u>225,780</u>	<u>9,808,024</u>
Net Assets			
Invested in Capital Assets Net of Related Debt	643,140	333,322	976,462
Restricted for:			
Debt	3,452,529	-	3,452,529
Construction	151,758	-	151,758
Unrestricted	344,157	163,056	507,213
Total Net Assets	<u>\$ 4,591,584</u>	<u>\$ 496,378</u>	<u>\$ 5,087,962</u>

See Accompanying Notes to the Financial Statements.

RAISINVILLE TOWNSHIP

GOVERNMENT WIDE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2004

Functions/Programs Primary Government	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating		Governmental Activities	Primary Government	
			Grants and Contributions	Capital Grants and Contributions		Business-Type Activities	Total
Governmental Activities:	\$ 371,599	\$ 7,561	\$ -	\$ -	\$ (364,038)	\$ -	\$ (364,038)
	164,776	80,898	-	-	(83,878)	-	(83,878)
	93,370	-	-	1,607,832	1,514,462	-	1,514,462
	2,526	-	-	-	(2,526)	-	(2,526)
	473,595	-	-	-	(473,595)	-	(473,595)
Total Governmental Activities	1,105,866	88,459	-	1,607,832	590,425	-	590,425
Business-Type Activities: Water and Sewer	58,194	59,723	-	-	-	1,529	1,529
Total Primary Government	\$ 1,164,060	\$ 148,182	\$ -	\$ 1,607,832	590,425	1,529	591,954
General Revenues:							
Property Taxes					116,592	-	116,592
State Shared Revenues					326,318	-	326,318
Franchise Fees and Permits					-	-	-
Unrestricted Investment Earnings					550,734	5,809	556,543
Miscellaneous					358,330	-	358,330
Transfers					-	-	-
Total General Revenues and Transfers					1,351,974	5,809	1,357,783
Change in Net Assets							
					1,942,399	7,338	1,949,737
Net Assets - Beginning							
					2,649,185	489,040	3,138,225
Net Assets - Ending							
					\$ 4,591,584	\$ 496,378	\$ 5,087,962

RAISINVILLE TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2004

Assets	General	Debt Service	Bluebush Stadler Capital Project	Other Governmental Funds	Totals Governmental Funds
Cash and Cash Equivalents	\$ 751,971	\$ 3,452,529	\$ 163,881	\$ 31,928	\$ 4,400,309
Assessments Receivable	-	7,696,409	-	-	7,696,409
Due From State of Michigan	108,970	-	-	-	108,970
Due From Other Funds	5,594	-	-	-	5,594
Total Assets	\$ 866,535	\$ 11,148,938	\$ 163,881	\$ 31,928	\$ 12,211,282
Liabilities and Fund Balance					
Liabilities:					
Accounts Payable	\$ 19,924	\$ -	\$ 7,304	\$ 6,295	\$ 33,523
Accrued Wages	7,812	-	-	2,760	10,572
Due to Other Funds	-	-	-	5,594	5,594
Deferred Revenue	-	7,696,409	-	-	7,696,409
Total Liabilities	27,736	7,696,409	7,304	14,649	7,746,098
Fund Balances :					
Reserved for:					
Capital Projects	-	-	156,577	(4,819)	151,758
Debt Service	-	3,452,529	-	-	3,452,529
Unreserved	838,799	-	-	22,098	860,897
Total Fund Equity and Retained Earnings	838,799	3,452,529	156,577	17,279	4,465,184
Total Liabilities, Equity, and Retained Earnings	\$ 866,535	\$ 11,148,938	\$ 163,881	\$ 31,928	\$ 12,211,282

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,968,140
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	7,696,409
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(9,538,149)
Net Assets of Governmental Activities	\$ 4,591,584

See Accompanying Notes to the Financial Statements.

RAISINVILLE TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	General	Debt Service	Bluebush Stadler Capital Project	Other Governmental Funds	Totals Governmental Funds
Revenues:					
Taxes and Penalties	\$ 116,592	\$ -	\$ -	\$ -	\$ 116,592
Licenses and Permits	-	-	-	80,898	80,898
State Grants	325,531	-	-	787	326,318
Charges for Services	7,561	-	-	-	7,561
Assessments	-	1,134,842	-	4,597	1,139,439
Interest	13,222	536,232	977	303	550,734
Other	224,608	58,956	74,766	-	358,330
Total Revenues	687,514	1,730,030	75,743	86,585	2,579,872
Expenditures:					
Current:					
General Government	259,678	-	-	-	259,678
Public Safety	92,087	-	-	72,689	164,776
Public Works	75,579	-	-	15,461	91,040
Recreational and Cultural	2,526	-	-	-	2,526
Other	-	95,453	-	-	95,453
Capital Outlay	-	-	1,469,576	116,504	1,586,080
Debt Service:					
Principal	-	553,884	-	-	553,884
Interest and Fiscal Charges	-	458,030	-	-	458,030
Total Expenditures	429,870	1,107,367	1,469,576	204,654	3,211,467
Excess of Revenue Over (Under) Expenditures	257,644	622,663	(1,393,833)	(118,069)	(631,595)
Other Financing Sources (Uses):					
Proceeds from Bonds	-	-	1,309,513	-	1,309,513
Operating Transfers In	-	4,752	267,824	460	273,036
Operating Transfers Out	(460)	(267,824)	-	(4,752)	(273,036)
Total Other Financing Sources (Uses)	(460)	(263,072)	1,577,337	(4,292)	1,309,513
Excess of Revenue & Other Financing Sources Over Expenditures & Other Financing Uses	257,184	359,591	183,504	(122,361)	677,918
Fund Balance - Beginning	581,615	3,092,938	(26,927)	139,640	
Fund Balance - Ending	\$ 838,799	\$ 3,452,529	\$ 156,577	\$ 17,279	

Amounts reported for governmental activities in the statement of activities are different because:

-Governmental funds report capital outlays as expenditures; in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

1,567,282

-Special assessment and similar revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

468,393

-Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)

553,884

-Bond proceeds are not reported as financing sources in the statement of activities

(1,325,001)

-Increases in accumulated employee vacation pay and similar expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

(77)

Change in Net Assets of Governmental Activities

\$ 1,942,399

See Accompanying Notes to the Financial Statements.

RAISINVILLE TOWNSHIP
PROPRIETARY FUND STATEMENT OF NET ASSETS
JUNE 30, 2004

Assets	<u>Sewer Current Year</u>	<u>Sewer Prior Year</u>
Current Assets:		
Cash and Cash Equivalents	\$ 133,318	\$ 137,062
Current Portion of assessments Receivable	7,400	8,500
Noncurrent Assets:		
Assessments Receivable	22,338	28,646
Capital Assets	1,201,499	1,201,499
Less Accumulated Depreciation	<u>(642,397)</u>	<u>(609,767)</u>
Total Assets	<u>722,158</u>	<u>765,940</u>
Liabilities		
Current Liabilities:		
Accounts Payable	-	-
Current Portion of Non-current Liabilities	53,960	51,120
Non-current Liabilities		
Bonds Payable	<u>171,820</u>	<u>225,780</u>
Total Liabilities	<u>225,780</u>	<u>276,900</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	333,322	314,832
Unrestricted	<u>163,056</u>	<u>174,208</u>
Total Net Assets	<u><u>\$ 496,378</u></u>	<u><u>\$ 489,040</u></u>

RAISINVILLE TOWNSHIP

**PROPRIETARY FUND STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSET
FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Sewer Current Year</u>	<u>Sewer Prior Year</u>
Operating Revenue:		
Charges for Service	\$ 57,224	\$ 55,475
Other Revenue	<u>2,499</u>	<u>29</u>
Total Operating Revenue	<u>59,723</u>	<u>55,504</u>
Operating Expenses:		
Operation and Maintenance Expense	12,484	7,036
Depreciation	<u>32,629</u>	<u>32,629</u>
Total Operating Expenses	<u>45,113</u>	<u>39,665</u>
Net Operating Income	14,610	15,839
Non-Operating Revenue (Expenses)		
Interest Income	5,809	6,719
Interest Expense	<u>(13,081)</u>	<u>(15,453)</u>
Total Non-Operating Revenue (Expenses)	<u>(7,272)</u>	<u>(8,734)</u>
Change in Net Assets	7,338	7,105
Net Assets - Beginning	<u>489,040</u>	<u>481,935</u>
Net Assets - Ending	<u><u>\$ 496,378</u></u>	<u><u>\$ 489,040</u></u>

RAISINVILLE TOWNSHIP
SEWER ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2004

CASH FLOWS FROM OPERATING ACTIVITIES:	Sewer Current Year	Sewer Prior Year
Receipts from customers and users	\$ 59,723	\$ 55,504
Payments to suppliers	(12,484)	(7,036)
Net Cash Provided by Operating Activities	<u>47,239</u>	<u>48,468</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Assessment Collections	7,409	8,413
Principal Paid on Debt	(51,120)	(48,280)
Interest Paid on Debt	<u>(13,081)</u>	<u>(15,453)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(56,792)</u>	<u>(55,320)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest Revenue	<u>5,809</u>	<u>6,719</u>
Net Cash Provided by Investing Activities	<u>5,809</u>	<u>6,719</u>
Net Increase In Cash and Cash Equivalents	(3,744)	(133)
Cash and Cash Equivalents - Beginning	<u>137,062</u>	<u>137,195</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 133,318</u></u>	<u><u>\$ 137,062</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating Income	\$ 14,610	\$ 15,839
Depreciation	<u>32,629</u>	<u>32,629</u>
Net Cash Provided by Operating Activities	<u><u>\$ 47,239</u></u>	<u><u>\$ 48,468</u></u>

See Accompanying Notes to the Financial Statements.

RAISINVILLE TOWNSHIP
FIDUCIARY FUND STATEMENT OF NET ASSETS
JUNE 30, 2004

	<i>Pension Trust Fund</i>	<i>Agency Fund Type (Property Tax Collection Fund)</i>
Assets		
Cash and Cash Equivalents	\$ -	\$ 4,848
Investments at Fair Value:		
Mutual Funds	<u>222,167</u>	<u>-</u>
Total Assets	222,167	<u><u>\$ 4,848</u></u>
Liabilities		
Due to Others	<u>-</u>	<u>\$ 4,848</u>
Total Liabilities	-	<u><u>\$ 4,848</u></u>
Net Assets		
Held in Trust for Pension Benefits	<u><u>\$ 222,167</u></u>	

See Accompanying Notes to the Financial Statements.

RAISINVILLE TOWNSHIP
FIDUCIARY FUND STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2004

	<i>Pension Trust Fund</i>
Additions:	
Contributions	
Employer	\$ 7,766
Plan Members	<u>4,077</u>
Total contributions	11,843
Investment Income	
Net Appreciation (Depreciation) in Fair Value of Investments	<u>34,107</u>
Total Additions	45,950
Deductions:	
Participant Withdrawals	<u>67,553</u>
Net Change in Net Assets	(21,603)
Net Assets - Beginning	<u>243,770</u>
Net Assets - Ending	<u><u>\$ 222,167</u></u>

See Accompanying Notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

- NOTE 1 - *Summary of Significant Accounting Policies*
- NOTE 2 - *Reconciliation of Government-Wide and Fund Financial Statements*
- NOTE 3 - *Stewardship, Compliance and Accountability*
- NOTE 4 - *Deposits and Investments*
- NOTE 5 - *Receivables*
- NOTE 6 - *Capital Assets*
- NOTE 7 - *Interfund Receivables, Payables and Transfers*
- NOTE 8 - *Leases*
- NOTE 9 - *Long-term Debt*
- NOTE 10 - *Risk Management*
- NOTE 11 - *Other Post-Employment Benefits*
- NOTE 12 - *Employee Retirement Plan*
- NOTE 13 - *Pending Litigation*
- NOTE 14 - *Raisinville Township - City of Monroe Water Main Agreement*
- NOTE 15 - *London, Maybee, Raisinville Joint Powers Fire Department*

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Raisinville Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Raisinville Township:

A - Reporting Entity

The Local Governmental Unit is governed by an elected five member board. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Raisinville Township has no component units.

B - Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C - Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered available only when cash is received by the government.

Raisinville Township property tax is levied on each December 1st on the taxable valuation of property (as defined by State statutes) located in Raisinville Township as of the preceding December 31st. Although Raisinville Township 2003 ad valorem tax is levied and collectible on December 1, 2003, it is Raisinville Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days). The 2003 taxable valuation of Raisinville Township totaled \$146.4 million, on which ad valorem taxes levied consisted of .7904 mills for Raisinville Township operating purposes, raising \$115,736 for operating. This amount is recognized in the General Fund financial statements as taxes receivable - current or as tax revenue.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for all assessment debt payments and related assessment revenue.

The Bluebush Stadler Capital Project Fund accounts for bond proceeds and related water line construction expenses.

The government reports the following major proprietary funds:

The Sewer Fund accounts for the activities of the sewage collection system.

Additionally, the government reports the following fund types:

The pension trust fund accounts for the activities of the township employees retirement system which accumulates resources for pension benefit payments to qualified employees.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private-sector standards issued after November 30, 1989 for its business type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned. Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. The sewer fund also recognizes tap fees as operating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments --Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables --In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Inventories and Prepaid Items --Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets --Revenue bonds of the enterprise funds require amounts to be set aside for construction, debt service principal and interest, operations and maintenance, and a bond reserve. These amounts have been classified as restricted assets, as well as amounts on deposit at the county being held for the construction or debt service of Raisinville Township's water and sewer lines.

Capital Assets --Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 years
Improvements Other than Buildings	20 years
Machinery and Equipment	3 to 15 years
Water and Sewer Lines	30 to 60 years
Infrastructure	50 years

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences (Vacation and Sick Leave) --It is the government's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year-end.

Long-Term Obligations --In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity --In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Comparative Data/Reclassifications --Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2--RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

- A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds and net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds". The details of this \$9,538,149 are as follows:

Bonds payable	\$ 9,461,618
Accrued interest payable	<u>76,531</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$ 9,538,149</u></u>

NOTE 2--RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

- B Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures; in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense". The details of this \$1,567,282 are as follows:

Capital outlay	\$ 1,588,693
Depreciation	(21,411)
	<u>\$ 1,567,282</u>

NOTE 3--STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information --Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and all special revenue funds. All annual appropriations lapse at fiscal year end. On or before the 1st day of April the Supervisor shall prepare and submit to the Township Board a recommended budget within the tax limit and other revenue sources of the Township covering the next fiscal year. A public hearing on the budget shall be held before its final adoption. On or before the end of the fiscal year, the Township Board shall adopt a budget for the ensuing fiscal year. The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level. (i.e., The level at which expenditures may not legally exceed appropriations). The Supervisor is authorized to transfer budgeted amounts between line-items within an activity category; however, any revisions that alter the total expenditures of any activity must be approved by the Township Board.

Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds--During the year, Raisinville Township incurred expenditures in one budgeted activity which was in excess of the amounts appropriated, as follows:

<u>Budget Item</u>	<u>Actual Expenditure</u>	<u>Budget Appropriation</u>
General Fund--Street Lighting	\$ 1,345	\$ 1,300

Fund Deficits --The Local Governmental Unit has two accumulated fund balance/retained earning deficits.

Capital Projects:	
Ida Water	\$ 4,439
Neiman Water	\$ 380

NOTE 4--DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Raisinville Township's Board has designated two banks for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

Raisinville Township's deposits and investment policy are in accordance with statutory authority.

At year-end, Raisinville Township's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 4,400,309	\$ 133,318	\$ 4,848	\$ 4,538,475
Investments	-	-	222,167	222,167
Total	<u>\$ 4,400,309</u>	<u>\$ 133,318</u>	<u>\$ 227,015</u>	<u>\$ 4,760,642</u>

The breakdown between deposits and investments is as follows:

Bank Deposits (checking and savings accounts, certificates of deposit)	\$ 4,538,475
Investments in mutual funds	222,167
Total	<u>\$ 4,760,642</u>

The bank balance of the primary government's deposits is \$4,557,935, of which \$100,256 is covered by federal depository insurance.

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Local Governmental Unit or its agent in the government's name;
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name; and
3. Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Local Governmental Unit's name.

NOTE 4--DEPOSITS AND INVESTMENTS (Continued)

At year-end, the government's investment balances were categorized as follows:

	<u>Category</u>			<u>Reported Amount (Fair Value)</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Primary Government				
U.S. Government Securities	\$ -	\$ -	\$ -	\$ -
Certificates of Deposit	-	-	-	-
Repurchase Agreements	-	-	-	-
Subtotal	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
Investments Not Subject to Categorization				
Mutual Funds				<u>222,167</u>
Total Primary Government				<u><u>\$ 222,167</u></u>

NOTE 5--RECEIVABLES

Receivables as of year-end for the government's individual major and nonmajor funds, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Debt Service</u>	<u>Sewer</u>	<u>Total</u>
Special Assessments	<u>\$ 7,696,409</u>	<u>\$ 29,738</u>	<u>\$ 7,726,147</u>
Gross Receivables	7,696,409	29,738	7,726,147
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>
Net Receivables	<u><u>\$ 7,696,409</u></u>	<u><u>\$ 29,738</u></u>	<u><u>\$ 7,726,147</u></u>

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>
Special Assessments	<u><u>\$ 7,696,409</u></u>
Total	

NOTE 6--CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 22,200	\$ -	\$ -	\$ 22,200
Construction in Progress	-	1,469,576	-	1,469,576
	<u>22,200</u>	<u>1,469,576</u>	<u>-</u>	<u>1,491,776</u>
Capital Assets Being Depreciated:				
Buildings	423,725	-	-	423,725
Improvements Other Than Buildings	49,500	-	-	49,500
Machinery and Equipment	104,494	2,613	(3,197)	103,910
Infrastructure	-	116,504	-	116,504
Subtotal	<u>577,719</u>	<u>119,117</u>	<u>(3,197)</u>	<u>693,639</u>
Less Accumulated Depreciation for:				
Buildings	115,532	10,593	-	126,125
Improvements Other Than Buildings	12,601	1,238	-	13,839
Machinery and Equipment	70,928	7,250	(3,197)	74,981
Infrastructure	-	2,330	-	2,330
Subtotal	<u>199,061</u>	<u>21,411</u>	<u>(3,197)</u>	<u>217,275</u>
Net Capital Assets Being Depreciated	<u>378,658</u>	<u>97,706</u>	<u>-</u>	<u>476,364</u>
Governmental Activities Capital Total				
Capital Assets--Net of Depreciation	<u>\$ 400,858</u>	<u>\$ 1,567,282</u>	<u>\$ -</u>	<u>\$ 1,968,140</u>
<u>Business-Type Activities</u>				
Capital Assets Being Depreciated:				
Lines and Connections	\$ 1,201,499	\$ -	\$ -	\$ 1,201,499
Less Accumulated Depreciation for:				
Lines and Connections	<u>609,768</u>	<u>32,629</u>	<u>-</u>	<u>642,397</u>
Net Capital Assets Being Depreciated	<u>591,731</u>	<u>(32,629)</u>	<u>-</u>	<u>559,102</u>
Business-Type Activities Capital Total				
Capital Assets--Net of Depreciation	<u>\$ 591,731</u>	<u>\$ (32,629)</u>	<u>\$ -</u>	<u>\$ 559,102</u>

Depreciation expense was charged to programs of the primary government as follows:

<u>Governmental Activities</u>	
General Government	\$ 19,081
Public Works	<u>2,330</u>
Total Governmental Activities	<u>\$ 21,411</u>
<u>Business-Type Activities</u>	
Sewer	<u>\$ 32,629</u>

NOTE 7-INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Non-Major Governmental Funds	<u>\$ 5,594</u>

Interfund Transfers

	<u>Transfers In</u>			<u>Total</u>
	<u>Debt Service</u>	<u>Bluebush Stadler Capital Project</u>	<u>Non-Major Governmental Funds</u>	
<u>Transfers Out</u>				
General Fund	\$ -	\$ -	\$ 460	\$ 460
Debt Service	-	267,824	-	267,824
Non-Major Governmental Funds	<u>4,752</u>	<u>-</u>	<u>-</u>	<u>4,752</u>
Total	<u>\$ 4,752</u>	<u>\$ 267,824</u>	<u>\$ 460</u>	<u>\$ 273,036</u>

NOTE 8-LEASES

Raisinville Township had no lease obligations at June 30, 2004.

NOTE 9-LONG-TERM DEBT

The government issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

NOTE 9--LONG-TERM DEBT (Continued)

Bond and contractual obligation activity can be summarized as follows:

	<u>Interest Rate</u>	<u>Principal Matures</u>	<u>Beginning Balance</u>	<u>Additions (Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:						
Limited Tax Obligation Bonds						
South Custer Water	6.70%	2012-13	\$ 63,250	\$ (5,500)	\$ 57,750	\$ 5,500
Blohm Road Water	6.20%	2012-13	51,750	(4,500)	47,250	4,500
Ralsinville Water	6.20%	2013-14	595,000	(50,000)	545,000	50,000
Gruber-Heiss Water	5.80%	2014-15	600,996	(50,083)	550,913	50,083
Stadler Road Water	5.80%	2014-15	59,004	(4,917)	54,087	4,917
Cherry-Dixon Water	4.90%	2022-23	600,000	(30,000)	570,000	30,000
Frenchtown-Ralsinville Water	4.95%	2018-19	260,000	(15,000)	245,000	15,000
Ida Water Series B	5.35%	2018-19	820,000	(55,000)	765,000	55,000
Ida Water Series C	5.45%	2018-19	830,000	(55,000)	775,000	55,000
Yensch Road Water	4.6 - 5.4%	2020-21	435,000	(20,000)	415,000	20,000
Muehleisen-Yench Water	4.38%	2021-22	520,000	(25,000)	495,000	25,000
Bluebush Stadler Water	2.5 - 4.5%	2022-23	-	995,000	995,000	50,000
Bluebush Stadler Water - B	1.5 - 4.8%	2022-23	-	330,000	330,000	15,000
County Contractual Obligations:						
Dunbar-Strasburg Water	6.0 - 7.0%	2009-10	140,000	-	140,000	-
Stewart Road Water	5.0 - 7.5%	2015-16	1,123,915	(86,455)	1,037,460	86,455
Steffas Heiss Water	5.0 - 5.5%	2019-20	126,586	(7,428)	119,158	7,428
N.Custer/S.Custer Water	5.0 - 5.25%	2019-20	2,465,000	(145,000)	2,320,000	145,000
Total Governmental Activities			<u>\$ 8,690,501</u>	<u>\$ 771,117</u>	<u>\$ 9,461,618</u>	<u>\$ 618,883</u>
Business-Type Activities:						
County Contractual Obligations:						
Ida Sewer	5.00%	2007-08	\$ 276,900	\$ (51,120)	\$ 225,780	\$ 53,960
Total Business-Type Activities			<u>\$ 276,900</u>	<u>\$ (51,120)</u>	<u>\$ 225,780</u>	<u>\$ 53,960</u>

Annual debt service requirements to maturity for the above obligations are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 618,883	\$ 481,384	\$ 53,960	\$ 10,486
2006	623,883	449,974	53,960	7,707
2007	663,883	419,088	59,640	4,724
2008	658,883	385,508	58,220	1,572
2009	658,883	352,042	-	-
2010 and after	6,237,203	1,844,724	-	-
Total	<u>\$ 9,461,618</u>	<u>\$ 3,932,720</u>	<u>\$ 225,780</u>	<u>\$ 24,489</u>

NOTE 10--RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township purchases commercial insurance for all of these risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in insurance coverage from the prior year.

The Michigan Townships Participating Plan operates as an insurance purchasing pool for local units of government in Michigan. The Plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

NOTE 11--OTHER POST-EMPLOYMENT BENEFITS

The Township does not have a plan set up for post-employment benefits other than a pension plan.

NOTE 12--EMPLOYEE RETIREMENT PLAN

Defined Contribution Pension Plan

The Township provides pension benefits for all of its permanent employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus any investment earnings. The plan was established and may be amended by the Township Board.

Raisinville Township contributes eleven percent of base wages for each employee with the employee having an optional contribution of up to ten percent. An employee is fully vested after twenty-one months of service. An insurance company (Manulife Financial) administers the plan and the Township makes monthly contributions. The Township's total payroll for this year was \$171,226. The Township made the required contribution of \$7,765, on covered payroll of \$70,590. Employee contributions totaled \$4,077.

All full time employees participate in the plan.

Note 13 -- Pending Litigation

At present, there are no cases of litigation pending that would have a material effect on the financial statements.

Note 14 - Raisinville Township - City of Monroe Water Main Agreement

On December 18, 1995, Raisinville Township and the City of Monroe entered into an agreement regarding the payment of construction costs of Raisinville Water Special Assessment District No. 8. The City of Monroe advanced \$220,000 to Raisinville Township to be applied to the construction cost of water mains in District No. 8. The agreement stipulates that Raisinville Township is to repay the City of Monroe using 50% of the equity connection charges received by the Township from properties directly serviced by the District No. 8 water mains. This is a non-recourse, non-interest bearing contribution.

Note 15 - London, Maybee, Ralsinville Joint Powers Fire Department

Ralsinville Township, in conjunction with two other communities, has entered into a joint venture to provide fire protection for each of the communities. This is considered a joint venture with an equity interest.

The Township's estimated share of assets, liabilities, and fund equity is 50%. Summary financial information as of, and for the fiscal year ended March 31, 2004 is as follows:

	<u>LMR Fire Department</u>
Cash and Investments	\$ 30,736
Other Assets	1,564,446
Total Assets	<u>1,595,182</u>
Total Liabilities	<u>-</u>
Total Net Assets	<u>\$ 1,595,182</u>
Total Revenue	\$ 203,740
Total Expenses	206,076
Net Change in Net Assets	<u>\$ (2,336)</u>
Current Portion of Long-Term Debt	\$ -
Long-Term Debt, Less Current Portion	-
Total Debt	<u>\$ -</u>

Complete financial statements for this joint entity are available at the LMR Fire Department offices, PO Box 144, Maybee, MI 48159.

RAISINVILLE TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2004

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>	<i>Amounts</i>	<i>Final Budget</i>
				<i>Positive</i>
				<i>(Negative)</i>
Beginning Fund Balance	\$ 581,615	\$ 581,615	\$ 581,615	\$ -
Resources (Inflows)				
Taxes	160,000	160,000	116,592	(43,408)
State Grants	330,000	330,000	325,531	(4,469)
Charges for Services	7,000	7,000	7,561	561
Interest	15,000	15,000	13,222	(1,778)
Other	40,000	40,000	224,608	184,608
Transfers from Other Funds	259,091	264,309	-	(264,309)
Total Revenue	<u>1,392,706</u>	<u>1,397,924</u>	<u>1,269,129</u>	<u>(128,795)</u>
Charges to Appropriations (Outflows)				
General Government:				
Township Board	38,660	38,860	31,146	7,714
Supervisor	32,236	32,236	29,373	2,863
Elections	6,500	6,500	574	5,926
Audit	9,000	9,000	7,900	1,100
Assessing Department	38,800	38,800	33,606	5,194
Legal	20,000	20,000	6,282	13,718
Clerk	31,736	31,736	30,287	1,449
Board of Review	1,000	1,000	435	565
Treasurer	31,736	31,736	30,870	866
Building and Grounds	55,860	55,860	30,022	25,838
Cemeteries	4,680	4,680	4,674	6
Other - Unclassified	73,000	73,000	54,509	18,491
Total General Government	<u>343,208</u>	<u>343,408</u>	<u>259,678</u>	<u>83,730</u>
Public Safety				
Fire Protection	115,000	115,000	89,052	25,948
Planning Commission	4,500	4,500	1,745	2,755
Board of Zoning Appeals	1,500	1,500	1,290	210
Total Public Safety	<u>121,000</u>	<u>121,000</u>	<u>92,087</u>	<u>28,913</u>
Public Works:				
Maintenance	250,000	250,000	74,234	175,766
Street Lighting	1,000	1,300	1,345	(45)
Total Public Works	<u>251,000</u>	<u>251,300</u>	<u>75,579</u>	<u>175,721</u>
Culture and Recreation				
Library	2,400	2,527	2,526	1
Transfers to Other Funds	500	500	460	40
Total Charges to Appropriations	<u>718,108</u>	<u>718,735</u>	<u>430,330</u>	<u>288,405</u>
Budgetary Fund Balance, Ending	<u>\$ 674,598</u>	<u>\$ 679,189</u>	<u>\$ 838,799</u>	<u>\$ 159,610</u>

RAISINVILLE TOWNSHIP
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2004

Assets	Special Revenue				Capital Projects			
	Ida Lights	Iott Lights	Liquor Control	Building Fund	Ida Water	Muehleisen Yensch Water	Neiman Water	Total
Cash and Cash Equivalents	\$ 3,724	\$ 2,190	\$ 351	\$ 25,663	\$ -	\$ -	\$ -	\$ 31,928
Total Assets	<u>\$ 3,724</u>	<u>\$ 2,190</u>	<u>\$ 351</u>	<u>\$ 25,663</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,928</u>

Liabilities and Fund Balance

Liabilities:								
Accounts Payable	\$ -	\$ -	\$ -	\$ 1,476	\$ 4,439	\$ -	\$ 380	\$ 6,295
Accrued Wages	-	-	-	2,760	-	-	-	2,760
Due To Other Funds	-	-	-	5,594	-	-	-	5,594
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,830</u>	<u>4,439</u>	<u>-</u>	<u>380</u>	<u>14,649</u>
Fund Balance:								
Reserved					(4,439)	-	(380)	(4,819)
Unreserved	<u>3,724</u>	<u>2,190</u>	<u>351</u>	<u>15,833</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,098</u>
Total Liabilities and Fund Balance	<u>\$ 3,724</u>	<u>\$ 2,190</u>	<u>\$ 351</u>	<u>\$ 25,663</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,928</u>

RAISINVILLE TOWNSHIP
COMBINING STATEMENT OF REVENUES, EXPENDITURES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

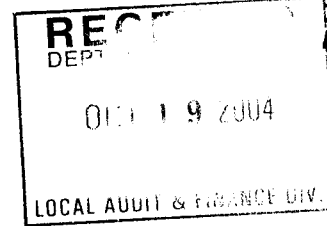
	Special Revenue			Capital Projects				
	Ida Lights	Iott Lights	Liquor Control	Building Fund	Ida Water	Muehleisen Yensch Water	Neiman Water	Total
Revenues:								
State Grants	\$ -	\$ -	\$ 787	\$ -	\$ -	\$ -	\$ -	\$ 787
Permits and Fees	-	-	-	80,898	-	-	-	80,898
Assessments	2,622	1,975	-	-	-	-	-	4,597
Interest	-	-	-	-	9	294	-	303
Total Revenue	2,622	1,975	787	80,898	9	294	-	86,585
Expenditures:								
Current								
Public Safety	-	-	990	71,699	-	-	-	72,689
Public Works	2,988	2,299	-	-	10,174	-	-	15,461
Capital Outlay	-	-	-	-	-	116,504	-	116,504
Total Expenditures	2,988	2,299	990	71,699	10,174	116,504	-	204,654
Excess of Revenue Over (Under)	(366)	(324)	(203)	9,199	(10,165)	(116,210)	-	(118,069)
Other Financing Sources (Uses):								
Operating Transfers In	262	198	-	-	-	-	-	460
Operating Transfers Out	-	-	-	-	-	(4,752)	-	(4,752)
Total Other Financing Sources	262	198	-	-	-	(4,752)	-	(4,292)
Excess of Revenue And Other Financing								
Sources Over Expenditures And Other	(104)	(126)	(203)	9,199	(10,165)	(120,962)	-	(122,361)
Financing Uses								
Fund Balance - Beginning	3,828	2,316	554	6,634	5,726	120,962	(380)	139,640
Fund Balance - Ending	\$ 3,724	\$ 2,190	\$ 351	\$ 15,833	\$ (4,439)	\$ -	\$ (380)	\$ 17,279



McGuire & Cavan
Certified Public Accountants

L. Donavon McGuire, CPA
734-652-4040
Maureen A. Cavan, CPA
248-390-5320

6588 Secor Road
Lambertville, MI 48144
Tel 734-854-5044
Fax 734-854-2540



October 15, 2004

Raisinville Township Board
Monroe, MI 48161

Dear Board Members,

Our audit of the financial statements of Raisinville Township for the period ended June 30, 2004, was made in accordance with the generally accepted auditing standards which require that we determine that existing internal controls, accounting procedures and accounting records are adequate to allow us to express an opinion on the financial statements of the Township. The scope of our audit is not intended to be a detailed review of all systems and procedures; therefore, this report should not be considered all-inclusive.

As a result of our audit we have the following comment.

Raisinville is currently in the process of changing accounting programs and converting special assessment records from manual to a computerized system.

We concur with both changes.

We would like to take this opportunity to thank both the Township Officials and employees who provided assistance to us during our audit. If you have any questions regarding any of the suggestions noted above or would like assistance in their implementation, please contact us.

Sincerely,

L. Donavon McGuire

L. Donavon McGuire CPA
McGuire & Cavan
Certified Public Accountants